



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 9, 1999
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

THREE JAPANESE COMPANIES AGREE TO PLEAD GUILTY, PAY CRIMINAL FINES, FOR PARTICIPATING IN INTERNATIONAL VITAMIN CARTEL

More than \$850 Million in Criminal Fines Obtained in Vitamins Investigation, To Date

WASHINGTON, D.C. -- Three Japanese pharmaceutical companies today agreed to plead guilty and pay fines totaling \$137 million for participating in a worldwide conspiracy to raise and fix prices and allocate market shares for certain vitamins sold in the United States and elsewhere, the Department of Justice announced.

Takeda Chemical Industries Ltd., of Osaka, Japan, will plead guilty and pay a \$72 million criminal fine for conspiring to fix the price and allocate the sales of Vitamins B2 (Riboflavin) and C sold in the US and elsewhere. Eisai Co. Ltd., of Tokyo, Japan, will plead guilty and pay a \$40 million criminal fine for conspiring to fix the price and allocate the sales of Vitamin E sold in the U.S. and elsewhere. Daiichi Pharmaceutical Co. Ltd., also of Tokyo, will plead guilty and pay a \$25 million fine for fixing the price and allocating the sales of Vitamin B5 (CalPan) sold in the U.S. and elsewhere. All three criminal cases were filed today in U.S. District Court in Dallas.

Thus far, the Justice Department has brought 13 cases and obtained more than \$850 million in criminal fines as a result of an ongoing antitrust investigation of the worldwide vitamin industry. Today's cases are the latest in a series of international conspiracy cases filed by the Department's Antitrust Division in the last several years.

All three of the companies charged today and many of their executives are cooperating

(More)

with the government's ongoing investigation of a long-term international cartel that fixed the prices at which vitamins were sold and allocated the sales of various vitamins among the cartel members, the Justice Department said. In addition, Takeda is cooperating with the Department of Justice in an investigation into the food flavor enhancers industry, the Department said.

"The prosecution of these three Japanese companies further demonstrates the truly international aspect of the vitamins conspiracy," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "This conspiracy artificially inflated the cost to virtually every American of such everyday necessities as milk, bread, orange juice, and cereal, which were fortified with the vitamins produced by these conspirators. By conspiring to fix the price and allocate the sales of these vitamins, these companies and their co-conspirators reaped hundreds of millions of dollars in additional revenues."

Each of the three Japanese firms is charged with participating in price-fixing activities with their respective European cartel partners beginning in early 1991. Takeda's activities ended in late 1995, while both Daiichi's and Eisai's collusion continued into February 1999. The conduct engaged in by each of the companies included:

- agreeing to fix and raise prices on certain vitamin products;
- agreeing to allocate the volume of sales and market shares of such vitamins; and
- participating in meetings and conversations to monitor and enforce adherence to fixed prices and agreed-upon market shares.

"The Antitrust Division has now prosecuted firms in the vitamin industry located on three continents, demonstrating once again the Division's resolve to punish illegal conspiracies that harm American businesses and consumers regardless of the location of the conspirators," said Gary R. Spratling, the Antitrust Division's Deputy Assistant Attorney General for criminal enforcement.

Each of the companies in all three cases are charged with violating the Sherman Act which carries a maximum fine of \$10 million for corporations. However, the maximum fine may

(More)

be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

At sentencing, the court will determine the appropriate sentence to be imposed under the U.S. Sentencing Guidelines and whether to accept the plea agreements and impose the agreed-upon sentences.

The fines resulting from these prosecutions will be deposited into the Crime Victims Fund, which is used to provide financial compensation and direct services to victims of crime and training and technical assistance for victim advocates, criminal justice and allied professionals across the country. The fund is supported by fines paid by federal criminal offenders, not taxpayers, and is administered by the Office for Victims of Crime (O.V.C.).

The three cases are the result of an ongoing investigation being conducted by the Antitrust Division's Dallas Field Office and the Federal Bureau of Investigation in Dallas.

###